

Advisory spect's

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Advisory Aspects is a quarterly publication of the Assessment Services Branch of Alberta Municipal Affairs.

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The ASSET system A municipal-provincial initiative

Beginning this year, municipalities will use the Assessment Shared Services Environment (ASSET) system to report their annual assessments to the province for assessment auditing and equalization processes.

The provincial government has extended this year's assessment reporting date from April 1 to September 30, 2003. This extension provides municipalities with additional time to enter their assessment data into the system.

The ASSET system is a municipal-provincial initiative that will allow several recommendations of the Equalized Assessment Panel to be put into effect.

The system has been developed as a partnership project of the Alberta Urban Municipalities Association, the Alberta Association of Municipal Districts and Counties, and Alberta Municipal Affairs.

Key benefits of the ASSET system

The ASSET system has been developed primarily in response to municipal requests for greater openness, transparency and timeliness in the assessment auditing and equalization processes.

ASSET's introduction will bring about the following key outcomes for Alberta municipalities:



Beginning in 2003, municipalities will use the ASSET system to report their annual assessments to the province for assessment audit and equalization purposes.

► Each municipality's current assessment will be used to determine its equalized assessment: In the past, the province had to calculate equalized assessments from the previous-year assessment rolls of municipalities. There was no technology in place to do otherwise.

Beginning in 2004, the ASSET system will allow Alberta Municipal Affairs to use each municipality's current assessment to prepare the equalized assessments. This will be possible because the ASSET technology will greatly reduce the time involved in collecting, auditing and equalizing the annual municipal assessments.

Using current assessments will ensure that each municipality's equalized assessment reflects any recent growth or decline in its assessment base.

This will, in turn, increase fairness and accuracy in the distribution of provincial grants to municipalities - and in calculating requisitions for education and other cost-shared programs with formulas that include the equalized assessments.

► Every municipality will have greater access to information used to audit and equalize the municipal assessments.

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MUNICIPAL AFFAIRS

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2003-2004 Detailed Audit Program underway

The schedule for the 2003/2004 detailed audit program has been approved and the first detailed audits are underway.

The Assessment Services Branch conducts a detailed audit on each municipality's assessment program on a five-year cycle. During a detailed audit, assessment auditors take a comprehensive look at the municipality's practices and procedures related to the administration of assessment, and they identify areas for improvement.

The purpose of this program is to provide each municipality with an objective opinion of the quality of its assessment roll. This opinion is based upon legislation, best practices in the assessment field, and audit procedures that are outlined in the provincial assessment audit guides.

Detailed audit process

To begin the detailed audit process, the Assessment Services Branch sends a letter to the Chief Administrative Officer (CAO) of each municipality on the schedule. In the letter, the CAO is notified of the upcoming audit and provided with a list of information and data that the municipality will be required to provide to the assessment auditor. The detailed audit process consists of a number of steps:

- The CAO is asked to advise the municipal council members of the audit.
- The auditor will set up a preliminary meeting with the CAO and assessor to explain the process, answer questions and make arrangements to receive the information.
- The assessor provides most of the requested information and works with the auditor through most of the process.

► The assessor and the CAO will have opportunities to see and respond to the auditor's draft report before it is finalized.

► When the report is finalized, it is sent to the CAO, with a request to inform council of the report's findings and recommendations.

Municipalities that will undergo a detailed audit over the next year have been grouped into two schedules - A and B - in order to increase efficiencies in conducting the audits. Detailed audits will commence in April or May 2003 for the municipalities listed in Schedule A.

Schedule B will be reviewed over the next few months to determine whether the list needs to be adjusted

before sending a notification letter and requesting information from the affected municipalities.

Where feasible, the Assessment Audit Unit proposes to co-ordinate the timing of detailed audits with the implementation plan for the ASSET system.

In previous years, the department requested information from all municipalities for the annual assessment audit program and, for applicable municipalities, requested information separately for a detailed assessment audit.

If possible, some of the information reported through ASSET will be used for both audits. Attention to the timing of detailed audits will reduce

the need for some municipalities to report similar information twice.

The ministerial order that extends this year's audit and equalization reporting date does not apply to data requested for a detailed audit in 2003.

Municipalities scheduled for detailed audits must remit assessment data for the detailed audit when requested to do so.

In addition to conducting detailed assessment audits for eighty-nine municipalities in the fiscal year 2003/2004, the Assessment Audit Unit will also be conducting follow-up audits in approximately 100 municipalities completed in 2002/2003.

Schedule A

Villages

Alix Village
Barnwell Village
Boyle Village
Clive Village
Consort Village
Coutts Village
Empress Village
Foremost Village
Galahad Village
Girouxville Village
Glendon Village
Halkirk Village
Holden Village
Lomond Village
Marwayne Village
Myrnam Village
Ryley Village
Sangudo Village
Warner Village

Counties

Athabasca County No. 12
Beaver County
Brazee County
Clearwater County
Grande Prairie County No. 1
Lac Ste. Anne County
Minburn County No. 27
Smoky Lake County
Stettler County
Warner County No. 5

M.D.s

Bighorn M.D. No. 8

Opportunity M.D. No. 17
Rocky View M.D. No. 44
Smoky River M.D. No. 130

I.D.s

I.D. No. 12 (Jasper)
I.D. No. 13 (Elk Island)

Other

Jasper Municipality
Special Areas

Towns

Bow Island Town
Castor Town
Coronation Town
Eckville Town
Grande Cache Town
Grimshaw Town
Milk River Town
Oyen Town
Rainbow Lake Town
Stavely Town
St. Paul Town
Vegreville Town

Schedule B

Villages

Barons Village
Bawlf Village
Bentley Village
Carmangay Village
Champion Village
Cremona Village
Dewberry Village
Elnora Village
Edberg Village

Ferintosh Village
Gadsby Village
Hay Lakes Village
Irricana Village
Longview Village
Nampa Village
Nobleford Village
Rosalind Village
Thorsby Village
Warburg Village

Cities

Spruce Grove City
Lethbridge City

Towns

Bowden Town
Carstairs Town
Cereal Town
Crossfield Town
Devon Town
Didsbury Town
Elk Point Town
Drayton Valley Town
Hinton Town
Innisfail Town
Lac La Biche Town
Mundare Town
Olds Town
Picture Butte Town
Redwater Town
Vermilion Town
Wembley Town
Westlock Town

I.D.s

I.D. No. 24 Wood Buffalo

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School requisition -- refund policy revision

The province is changing its school property tax refund policy regarding corrections to equalized assessments.

The refund policy will no longer be applied on school requisitions from prior years.

Since municipalities are required under section 330 of the MGA to limit tax roll corrections to the current year, the same practice is being applied to the provincial education

requisitions. The province has therefore revised its refund policy to correspond with the practices that municipalities must follow.

This means that the province will only collect or refund on current year requisitions.

The province will correct all equalized assessments and school requisitions when errors, omissions, or misdescriptions are discovered.

These corrections will be used to ensure the accuracy of current and future requisitions using the mitigation formulas.

Please Note: The province will continue to adjust prior year equalized assessments education requisitions when impacted by Assessment Review Board or Municipal Government Board decisions.



2003 linear property assessment appeals update

An application made by Municipal Affairs for leave to appeal to the Supreme Court of Canada on the Telus linear appeal for the 1997 tax year has been denied.

Telus Corporation filed appeals against the assessment of its linear property for the 1997 to 2003 tax years.

The appeal for the 1997 tax year is related to whether computer feature software installed in switching equipment is assessable. The appeals for the 1998 to 2003 tax years continue the appeal about computer software feature and include depreciation not provided by the Minister's Guidelines.

The Municipal Government Board (MGB) heard the Telus appeal for the 1998 and 1999 tax years in the spring of 2000, but the hearing has not been closed and the MGB has not released a decision. The MGB has ordered that a further hearing be called to conclude the 1998 and 1999 tax year appeals in light of the Supreme Court decision regarding the 1997 tax year.

The MGB has scheduled hearings for the subsequent outstanding Telus appeals (2000 -2003 tax years) for this fall. The fact that the Supreme Court of Canada declined to hear the issues for the 1997 appeal does not resolve appeals for subsequent years.

The issues raised are not the same in each year -the evidence is different and some of the rules for assessment have been changed over the period involved.

2003 linear property appeals

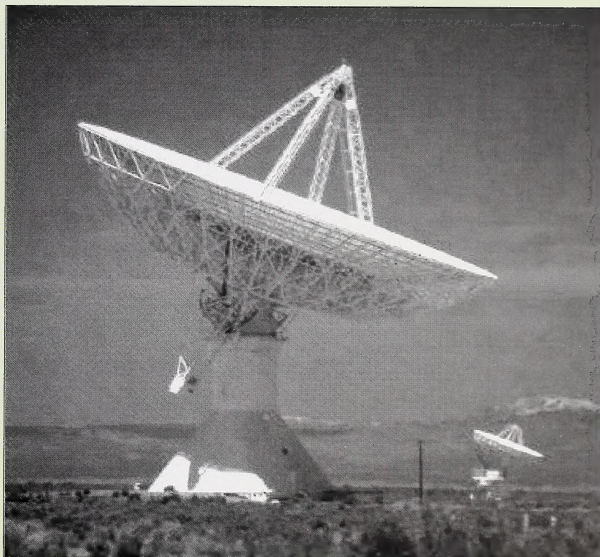
Each year, the linear property assessment in Alberta generates approximately \$465 million dollars in property taxes. Assessments are prepared by the provincial government and delivered to approximately 1,400 companies and 400 tax authorities.

Statistics

About 532,000 linear accounts are assessed in the province. In 2003, approximately 15,700 appeals have been filed (or three per cent of total accounts). This is an increase over last year's number of linear appeals, which stood at about 11,000. Appeals have been made by 101 companies and 10 municipalities.

The 2003 appeals and issues include:

- ▶ Group Telecom (third year)
- ▶ "Pipeline from an abandoned well" (570 accounts)
- ▶ Telus appeal -the seventh consecutive year (270 accounts)
- ▶ Appeals concerning ownership involve (about 3,600 accounts)
- ▶ Complaint with the largest number of appeals -- regarding the



The provincial government assesses about 532,000 linear accounts which generate approximately \$465 million in property taxes annually.

calculation formula used to arrive at the assessment for well properties (about 9,600 accounts)

- ▶ Appeals to be amended pending ownership changes (3,357)
- ▶ Appeals withdrawn (9,634)

planned for ownership changes and municipal allocation.

Hearings are being scheduled by the MGB and will run throughout the summer and fall of 2003.

Amended assessment notices are

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Each municipality will be able to browse, view, run reports and analysis on assessment-related data submitted by municipalities across the province.

These reports could include information on a municipality's assessment base, equalized assessment, year-over-year changes in assessment or equalized assessment, and the results of the provincial assessment audit.

Access to the ASSET database will only be granted to municipalities that have signed a legal agreement. These legal agreements contain rules regarding use of the system.

► Every municipality will have access to a province-wide database on property values: The ASSET database will include information on property sales and other indicators of property values throughout the province.

This will be a valuable information source for property assessors. It will help, for example, in placing values on parcels in municipalities or neighbourhoods where few property sales occur. (In such cases, the assessor will be able to access property sales data provided by municipalities with similar economies, physical attributes and market values.)

Municipalities and assessors will be able to run reports on market trends and changes in assessed property values throughout Alberta.

► The assessment auditing process will be enhanced: The automated nature of the ASSET system has allowed for improvements to be made in the assessment auditing process. For example, municipalities will be able to have their assessment data audited and then use the audited data to prepare their assessment rolls before the annual

February 28 statutory deadline.

An enhanced standard audit test has been developed to clarify auditing procedures for assessors and more effectively measure the overall relationship between the assessed value and the actual market value of property in a municipality.

The ASSET system will also allow for improved techniques to be developed to audit the assessments on properties that rarely sell in the marketplace (for example, shopping malls).

Municipal processes will be streamlined

Several other benefits of the ASSET system will help municipalities and assessors streamline their administrative processes. For example:

► A single process will be introduced for the submission of municipal assessment information.

With the introduction of the ASSET system, two annual reporting processes are being combined into one.

Once ASSET is fully implemented, municipalities will submit their annual assessment data to Alberta Municipal Affairs through the ASSET system for both auditing and equalization purposes.

They will no longer need to provide the audit files or the hard-copy returns that were previously required for the equalized assessment process.

► Assessment roll changes can be reported more efficiently. Once ASSET is fully implemented, municipalities will no longer need to resubmit hard-copy returns on assessment roll revisions that result from property assessment appeals or corrections under section 305 of the Municipal Government Act.

These revisions can be submitted through the ASSET system in a more timely and convenient manner. As a result, timely adjustments can be made to a municipality's equalized assessment.

► Municipal data will be audited prior to the completion of the assessment roll.

The ASSET technology will allow each municipality's assessment data to be reviewed by the department before it is used for the assessment roll and for property tax purposes. This prior review will help to increase ratepayers' confidence in the quality of local assessments.

► Alberta Municipal Affairs will provide linear property assessments earlier. Provincial assessors will provide municipalities, by January 31 of each year, with the detailed linear assessment data that they need to complete their assessment rolls by February 28.

► The department will prepare summaries on linear assessments and submit them in to the ASSET system on behalf of the municipalities.

Each municipality will be notified when its linear summary has been prepared and it will have ready access to the summary on the ASSET system.

Online tools

Several online tools, services and information sources will be available through the ASSET system.

These tools can be useful to municipal chief administrative officers (CAOs) in overseeing the assessment function and to property assessors in carrying out their duties.

The ASSET system is user friendly and accessible to users with varying levels of computer skills. Because it is a Web-based system, any necessary upgrades will be made centrally by the province and will become readily available to municipalities and assessors.

► Monitoring assistance for municipal CAOs. If they wish, municipal CAOs can use ASSET to help keep informed of the assessment activity in their municipalities.

For example, a municipal CAO can request e-mail alerts to be notified when the assessor transfers the municipal assessment into the ASSET system, when the assessor has declared the assessment

complete, and when the department has completed the assessment audit.

This tracking capability can assist municipal CAOs in fulfilling their responsibility under the Municipal Government Act to ensure that the property assessment function is carried out properly.

► Information on new building and development permits. The ASSET system can provide the assessor with information on new building and development permits in a municipality.

This service is available if the department or agency that issues new building and development permits for a municipality is reporting them into the provincial permit data warehouse or the Electronic Permit System managed by the Safety Codes Council.

For many municipalities, this service could do away with the need to prepare hard-copy reports for their assessors every year on new permits.

► Title verification service. This service can be used to match a municipality's assessment records to the province's land title records. It can help to identify assessable property that is missing from a municipality's assessment roll.

Another online tool, called the Spatial Information (SPIN) System, will help assessors resolve discrepancies between the municipal assessment and land title records.

To access the title verification service, assessors need to ensure that land identification number code (LINC) numbers are on the assessment roll and in the municipality's assessment computer system.

LINC numbers are assigned to property by the Land Titles Office of Alberta Government Services. The ASSET database may be used to help find the LINC numbers in the municipality.

ASSET News

The Compass computer system and the City of Edmonton have successfully loaded test data on to the ASSET system.

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